

**Q&A: Coronavirus Economic Relief for Transportation Services (CERTS) Act
Division N, Title IV, Subtitle B of the Consolidated Appropriations Act, 2021**

**U.S. Department of Treasury
Updated August 12, 2021**

New Question and Answer Added to the June 29 Q&A is Identified by “NEW”

**HOW TO APPLY UNDER DIFFERENT CORPORATE AND OPERATING
STRUCTURES**

Each CERTS application must be linked one-to-one to a Federal tax return. The name, TIN, principal business activity code, and total annual revenues reported by a company in the CERTS application must match to the same values on a corresponding tax return. For each application, the difference in total annual revenues reported on the 2019 and 2020 tax returns will be the primary factor in calculating the grant amount.

The questions and answers in this section explain how this principle applies if a company has a complex corporate structure or if a company provides a combination of eligible transportation services and other ineligible services.

- 1. Case A: one company/TIN with multiple eligible services. Some companies provide multiple services that are eligible for a CERTS grant. For example, a company may have a mixed motor carrier fleet and provide both motorcoach services and school bus services as part of the same company under the same TIN and tax return. How do such companies categorize themselves and demonstrate their eligibility when they apply?**

A company that provides more than one eligible transportation service under one TIN and tax return should classify itself based on the service that generates the highest percentage of its annual revenues, and provide proof of eligibility based on that service. After identifying the service that generates the most revenue, the company would still report its total annual revenues from all activities as part of the application. If the application is approved, the grant funds may be used for allowable expenses (e.g., payroll costs) in any part of the company's business.

- 2. Case B: multiple eligible companies/TINs under common ownership filing separate tax returns. In some corporate organizations with a common ownership structure, there are separate companies with separate TINs and separate tax returns that each provide eligible transportation services. For example, one affiliate may be a motorcoach company filing its own tax return, and another affiliate may be a school bus company filing its own tax return. How do entities with that corporate structure apply?**

Each eligible company must submit a separate application in its own name and TIN, and must provide its own supporting documents, including its own annual tax return. If the applications are approved, each company would receive a grant based on its own reported revenue loss.

- 3. Case C: one company/TIN with mix of eligible and ineligible services. Some individual companies provide a mix of eligible and ineligible services. For example, a single company with one TIN and tax return may provide eligible motorcoach services but may also generate revenues providing limousine services or acting as a travel agent. Are such companies eligible for a CERTS grant?**

Such companies are eligible for a CERTS grant if their principal business activity – that is, the activity from which the company derives the highest percentage of its total sales or receipts as reported to the IRS – is an eligible transportation service: motorcoach services, school bus services, passenger vessel services, or pilotage services. In addition to having a qualifying principal business activity code, the company must pass the other requirements for that type of eligible transportation service.

After demonstrating that its principal business activity is an eligible service, the company would still report its total annual revenues from all activities as part of the application. If the application is approved, the grant funds may be used for allowable expenses (e.g., payroll costs) in any part of the company's business.

- 4. Case D: affiliated eligible companies/TINs under a common parent corporation that files a consolidated tax return. Some large national and regional transportation service providers have multiple corporate entities but file a consolidated tax return for the affiliated companies. Some of the affiliated companies included in the consolidated tax return may provide eligible transportation services and some may not provide eligible transportation services. How do entities with that corporate structure apply?**

The common parent company or holding company that files the consolidated return must submit a single application in its own name and TIN reflecting the total revenues on the consolidated tax return. Such parent or holding companies are eligible provided the principal business activity reported to the IRS on the consolidated tax return is an eligible transportation service. In addition to uploading their consolidated tax returns, such companies must upload copies of their IRS Form 851 Affiliations Schedule to report the principal business activities of the affiliates.

The common parent company would report its total annual revenues generated by all its subsidiaries. If the application is approved, the grant funds may be used for allowable expenses (e.g., payroll costs) in any part of the parent company's business.

- 5. Case E: companies with bundled motorcoach services. Some companies use motorcoach transportation services as part of bundled excursion packages that include other holiday and sightseeing services. Are such companies eligible if they use a principal business activity code that does not identify the motorcoach or passenger transportation industry?**

The CERTS Act specifically defines as an eligible transportation service provider a company that offers tour or excursion service that includes features in addition to motorcoach transportation, such as meals, lodging, admission to points of interest or special attractions, or the services of a guide. Therefore, such companies are eligible if their principal business activity

code identifies an acceptable industry packaged with the motorcoach service, provided they meet the other requirements for motorcoach companies, such as a USDOT# and information on their vehicle fleet.

SUPPORTING TAX DOCUMENTS

- 6. Extension to file 2020 tax returns. The CERTS guidelines indicate that applicants must report total revenues reported to the IRS for 2019 and 2020, and must upload a copy of their annual corporate tax returns for 2019 and 2020. Some companies received an extension to file for 2020 and do not have a completed 2020 tax return. How do they complete the application?**

The application will allow companies to indicate if they do not have a 2020 Federal income tax return because they applied for an extension to file. Such companies must provide the amount of total revenues they expect to report on their 2020 tax return when they file. In lieu of uploading a copy of their 2020 tax return, they must upload a copy of their application for an extension to file (IRS Form 7004 for businesses or IRS Form 4868 for self-employed individuals) or, if they filed the application for extension electronically, a copy of the IRS's electronic acknowledgement. They must also certify that they have internal company income statements or other financial statements to clearly substantiate the total annual revenues they are reporting for 2020, and will make those documents available upon request.

- 7. Use of Third-Party Payroll Providers. The CERTS guidelines indicate applicants must upload a copy their Employer's Quarterly Tax Returns (IRS Form 941). Some companies cannot supply an IRS Form 941 in their own name and TIN because they contract with a third-party to process their payroll and report their payroll taxes, such as a payroll service provider or a Professional Employer Organization (PEO). How does such a company complete the application if they can't upload their own IRS Form 941?**

Companies that do not have an IRS Form 941 to upload in their own name and TIN because they use a third-party payroll processor or PEO must complete and upload a standard form letter in lieu of an IRS Form 941. The form letter must be completed and signed by an authorized representative of the third-party service provider. The form letter is available [here for download](#).

- 8. Company name/TIN on Form 941 does not match application or annual tax return. The CERTS application requires companies to upload a copy of their IRS Form 941 for Q1 2020 in their own official company name and TIN. What should a company do if the name and TIN on their Form 941 differs from their official company name and TIN entered into the application and included in their annual tax returns?**

In general, the name and TIN on the Form 941 should match the official company name and TIN on the CERTS application and the company's annual tax returns. However, there are specific instances, listed below, where the name and TIN on the Form 941 may not match the name and

TIN on the CERTS application. In these instances, companies must still upload all relevant documents as described below.

- Use of Third-Party Payroll Providers. The company applying does not have a Form 941 in its own company name and TIN because its contracts with a third-party to process payroll and report payroll taxes, such as a payroll service provider or a Professional Employer Organization (PEO). Such companies must upload a form letter signed by their service provider to validate their number of employees and compensation for Q1 2020. See the answer to question #7 “Use of Third-Party Payroll Providers.”
- Consolidated Tax Filers. The company applying does not have a Form 941 in its own company name and TIN because it files its annual tax returns on a consolidated basis at the parent company level, but its Form 941s are filed in the names and TINs of subsidiary operating companies. Such companies must upload copies of each IRS Form 941 for Q1 2020 linked to their consolidated entity to validate the consolidated number of employees and compensation for Q1 2020.
- Parent/holding company vs. operating subsidiary company. The company applying does not have a Form 941 in its own company name and TIN because an operating subsidiary company serves as the employer and/or payroll processor for the business’s employees. Such companies must upload the IRS Form 941 for Q1 2020 of the operating subsidiary company, which should be identified in the application as a subsidiary of the company applying in the question requiring a listing of all parents, subsidiaries, and affiliates of the applying company.

REGISTRATION IN ID.ME

9. **Role of ID.me registrant.** The CERTS guidelines state that, to submit an application for a CERTS grant in the CERTS portal, a company representative must be registered with credentials issued through the ID.me identity service. Does the person registered in ID.me need to be a corporate officer?

No, the ID.me registrant does not need to be a corporate officer. The role of the ID.me registrant is to access the CERTS portal to answer the application questions, upload required documents, and perform other administrative functions in the portal. ID.me ensures that Treasury knows the individual accessing the government system.

However, once the application is filled out in the CERTS portal, it must be certified with an electronic signature by an authorized company official who can legally bind the company, such as a corporate officer. The ID.me registrant filling out the application must identify the name and email address of the authorized company official. Once the ID.me registrant is finished filling out the application, a DocuSign email will be sent automatically to the authorized company official allowing them to electronically sign the certification statement that must accompany the application.

The ID.me registrant who enters data into the portal and fills out the application could be (but does not have to be) the authorized company official who electronically signs the application certification, as long as that person has the legal authority to bind the company.

10. Applying for multiple companies. In some corporate organizations, there are two separate companies with separate TINs under common ownership that are both eligible for a CERTS grant, and the corporate organization will be submitting two separate applications. Do they need two different people – one for each company – to register in ID.me to enter the application data in the CERTS portal?

No, one person could be registered in ID.me to complete both applications in the CERTS portal. However, for each company's application, an authorized company official must electronically sign a certification accompanying the application, as described above, since it is a legally binding document.

DISCLOSING OTHER FEDERAL FUNDS RECEIVED IN RESPONSE TO COVID-19

11. Main Street Lending Program. The CERTS application requires disclosure of the total amount of Federal financial assistance received up to the date of the application, if any, under other Federal grant, loan, and tax credit programs in response to COVID-19. The application has fields to enter amounts received under the Paycheck Protection Program Loan, an Economic Injury Disaster Loan, and other Federal COVID-19 response programs, but it does not specifically list the Main Street Lending Program (MSLP) established by the Federal Reserve System. If a company received an MSLP loan, must it report the amount of the MSLP loan as other financial assistance?

No. Applicants do not need to report amounts received from their bank under the MSLP established by the Federal Reserve System. The MSLP is not included in the definition of Federal financial assistance.

REPORTING LOST REVENUES

12. Fiscal year tax filers vs. calendar year tax filers. Some companies file taxes on a fiscal year basis that differs from the calendar year. These companies may have not filed their 2020 taxes yet, such as companies whose fiscal year ends in June. In addition, the size of lost revenues due to COVID-19 may be different if calculated on a fiscal year basis versus a calendar year basis. What guidance is available to assist companies that file their annual taxes on a fiscal year basis rather than a calendar year basis?

The CERTS application has been updated to allow companies to indicate if they file their annual tax returns on a fiscal year basis rather than a calendar year basis. Fiscal year tax filers will be prompted to provide their 2019 and 2020 revenues on both a fiscal year basis and a calendar year basis. These changes with instructions appear in Tab 6 "Eligibility Information" under the question "Lost Revenues Percentage" in the CERTS application. Moreover, the application has been updated to reflect that fiscal year filers may not be able to upload their 2020 annual tax returns because they are not due yet.

REPORTING EMPLOYEE NUMBERS

13. Employees vs. 1099 Independent Contractors. The CERTS application asks companies several questions about numbers of employees, including the number of employees on March 1, 2020 and the annual average employees in 2019, and whether parents, subsidiaries, and affiliates of the applying company have more than 500 employees. When answering these questions should companies include individuals who are 1099 independent contractors?

No, individuals who are 1099 independent contractors should not be included in the answers to these questions on the application. Only employees (including full-time, part-time, and temporary/seasonal employees) should be included in the answers to these questions.

However, if a company is approved for a CERTS grant, the grant proceeds may be used to pay compensation to individuals who are 1099 independent contractors.

PRINCIPAL BUSINESS ACTIVITY CODES

14. System Validation Messages for Principal Business Activity Codes. The CERTS application asks companies to enter the Principal Business Activity Code (PBAC) from their 2019 income tax return. In some cases, after users click the button to “Confirm the Code You Entered,” they receive a system message that the PBAC may not be related to eligible transportation services, or a message to ensure the PBAC matches what was entered on their 2019 tax return. If a company sees such a system message, does the company need to take any other action? Will their application be processed?

If a company sees such a system message, it should simply ensure the PBAC entered into the application matches the PBAC on its 2019 tax return, and proceed with completing the application, which will be processed in full. The system has been updated to remove confusing messages about eligibility. The only system message users may now see is to “Please make sure the Principal Business Activity Code you have entered matches the code as it was entered on your 2019 tax return, and then proceed with completing the application.”

COMPANIES IN U.S. TERRITORIES

15. Are companies in U.S. territories eligible for a CERTS grant?

Yes, private companies formed in Guam, Puerto Rico, the U.S. Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands are eligible for a CERTS grant. Companies in the U.S. territories that do not file annual income tax returns with the U.S. Internal Revenue Service should complete the CERTS application using information from their equivalent U.S. territory income tax forms. More information for companies in the U.S. territories is available here: [Information for Companies in U.S. Territories Applying for a CERTS Grant](#)

GRANT PAYMENTS

16. **NEW:** How and when will approved grantees get paid their award?

Treasury had originally indicated that most approved applicants should expect to receive a one-time payment for the entire grant amount. However, for the reasons below, most approved applicants should expect to receive two grant payments: an initial payment representing approximately 80% of the total final grant award, and a second smaller “top off” payment to the extent additional funds are available to be distributed to approved grantees.

Treasury will send each approved grantee a grant agreement to sign. The initial payment will generally be initiated one business day after an approved grantee returns a signed grant agreement. The second payment will be made several weeks later to the extent additional CERTS funds are available to be distributed to approved grantees after Treasury completes its review of the entire applicant pool.

Paying the grant award in two tranches, rather than one lump sum amount, ensures that each approved grantee receives the bulk of its funds as soon as possible. Because CERTS grants are formula grants, not competitive grants, Treasury must review all grant applications and approve or reject each one to determine the specific share each approved applicant will receive under the formula for calculating the awards. Only the approved applicants receive a share of the \$2 billion appropriated to the program. Rather than require each approved grantee to wait to receive a payment until after Treasury adjudicates every application, Treasury will make an initial payment representing the bulk of the grant to approved grantees on a rolling basis. Then, to the extent there are funds available after all reviews are completed, Treasury will make a “top off” payment when Treasury has determined of each grantee’s final share of the funding pool.

The grant agreement sent to approved applicants for signature will include the amount of the initial payment. Treasury will notify grantees of the specific timing and amount of the second payment and the total final award amount.